

June 28, 2013

To: Executive Board

Subject: **Silver 2 Silver Program Update**

Recommendation

Receive and file an update on the Silver 2 Silver Program.

Background

Foothill Transit's Silver Streak service was implemented in March 2007 as a restructuring of Line 480 into a regional community connector service between the downtown Los Angeles business district and communities in the eastern San Gabriel and Pomona Valleys. In its first three years, ridership grew steadily and the Silver Streak was established as Foothill Transit's first BRT-style service, providing quick commuter style access from Montclair, Pomona, and West Covina through the El Monte Station to destinations in Los Angeles' central business district.

In 2009, Metro introduced their Silver Line service between the El Monte Bus Station and the Artesia Transit Center through downtown Los Angeles. That service mirrors Foothill Transit's Silver Streak service along the busway and serves destinations in downtown Los Angeles two blocks to the west of the Silver Streak. In addition, the fare on Metro's Silver Line was \$2.45, compared to a fare of \$2.75 on the Foothill Transit Silver Streak. Metro's Silver Line service grew rapidly and quickly hit capacity along the El Monte Busway portion of the route.

In October of last year, the new El Monte Bus Station opened and included an updated Foothill Transit *Store* and a completely revamped two-level bus terminal. As part of the opening of the new El Monte Station and *Store*, Foothill Transit and Metro coordinated on the provision of seamless and truly regional "Silver Corridor" service whereby customers traveling between the El Monte Station and downtown Los Angeles were able to board either a Foothill Transit or a Metro bus for a common fare, using either Foothill Transit's or Metro's fare media.

Discussions about a one-year promotional program, which both agencies ultimately called Silver 2 Silver, centered on the following details:

- One common Silver Corridor cash fare of \$2.45
- Shared passes between the Metro Silver Line and Foothill Transit Silver Streak between El Monte Station and Downtown L.A.
- Increased service on the Foothill Transit Silver Streak
- Shared marketing program
- One year demonstration period to determine viability

Executive Board Meeting – 06/28/13
Silver 2 Silver Program Update
Page 2

A promotional fareset for the Silver 2 Silver program was authorized by the Foothill Transit Governing Board on May 9, 2012, which authorized the Executive Director to begin a public outreach process to gather input about the proposed promotional fare reduction on the Silver Streak. In addition, the public outreach process included details about the agreement between Los Angeles Metro and Foothill Transit to engage in a pass sharing program that would allow Metro pass holders to board the Foothill Transit Silver Streak and Foothill Transit pass holders to board Metro's Silver Line between El Monte Station and Downtown Los Angeles.

The proposed promotional fare reduction and pass sharing program was approved on June 8, 2012 and implemented on October 14, 2012 to coincide with the opening of the new El Monte Station. The approved fareset is detailed in the chart below:

| Fare Type | Previous | Current Fare during Silver2Silver Promotion |
|---|--|---|
| Cash | \$2.75 | Decrease fare to \$2.45 |
| Foothill Transit Passes | Honored only on Foothill Transit buses | Honored on Foothill Transit buses and Metro Silver Line buses |
| Metro Transit Passes | Honored only on Metro buses | Honored on Metro buses and Foothill Transit Silver Streak buses |
| 31-Day Foothill Transit Passes | \$22.00 – \$170.00 | Maintain pass prices Reduce upcharge costs |
| EZ transit Pass | \$35.00 - \$194.00 | Accept Zone 2 EZ transit Pass at El Monte Station Westbound Accept Zone 2 or 3 EZ transit Pass from Downtown Los Angeles Eastbound |
| EZ transit Pass Upcharge | \$1.50 | Match upcharges depending on passes used |
| Student/Senior/Disabled/Medicare | \$2.75 | \$1.15 all day |

Current Program Statistics

There are a couple of factors that required consideration when looking at the initial progress of the Silver 2 Silver program. First, the initial launch period for Silver 2 Silver occurred during a period of decline in ridership. During the months of October, November and December Foothill Transit lines regularly experience on average a four percent decline in ridership compared to the months of January through September.

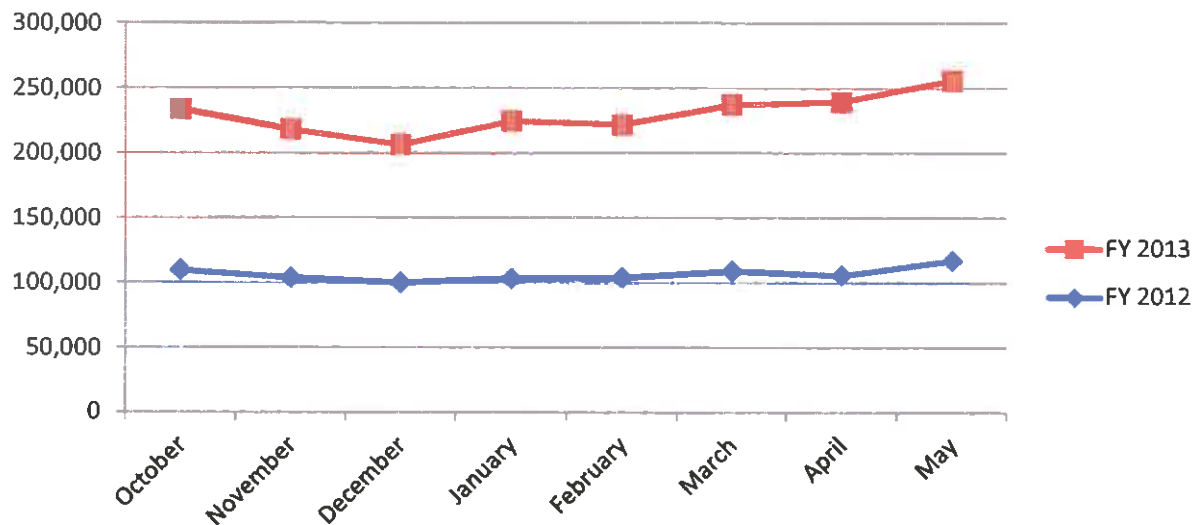
This is a direct result of the holiday season and is a consistent phenomenon that can be tracked from year to year.

In addition, the Los Angeles region experienced a significant gas price hike during the months of October and November of 2012 -- \$4.75 per gallon vs. \$3.71 a gallon for the same period in 2011. Foothill Transit's overall ridership showed significant increases as a result and then slowly declined as gas prices receded.

The Silver Streak did show overall ridership growth that was consistent with past gas price hikes during the last quarter. In addition, this growth did taper off as the holiday season progressed and gas prices began to normalize -- October – 14%, November – 11%, December – 7%.

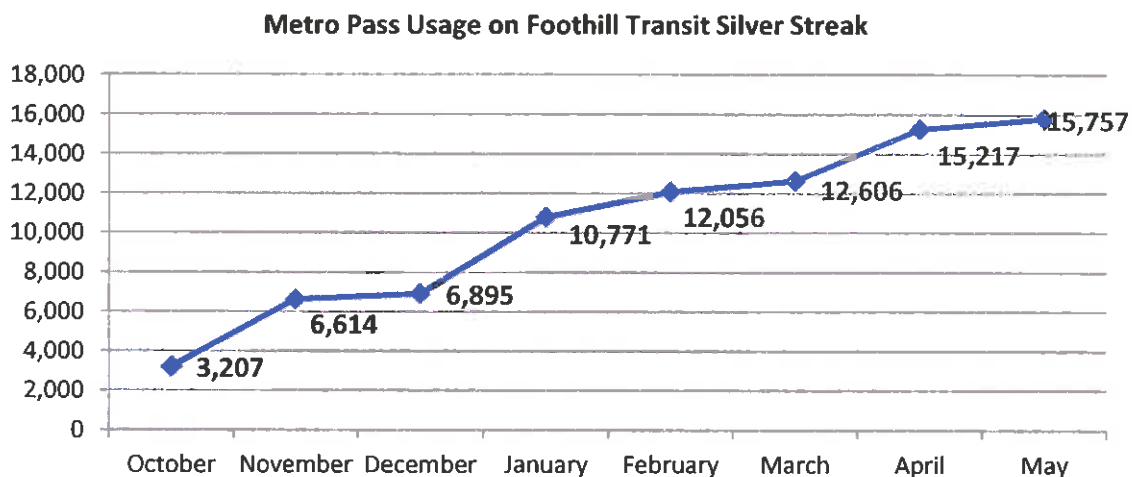
Since the implementation of the Silver 2 Silver program, the Silver Streak has seen an overall increase in ridership of approximately 16 percent or 137,210 customers.

| Silver Streak Ridership | | | |
|--------------------------------|----------------|----------------|------------|
| | FY 2012 | FY 2013 | % Δ |
| October | 109,143 | 124,570 | 14% |
| November | 103,641 | 114,617 | 11% |
| December | 100,025 | 106,670 | 7% |
| January | 103,195 | 121,596 | 18% |
| February | 103,814 | 118,349 | 14% |
| March | 108,864 | 128,508 | 18% |
| April | 105,440 | 134,315 | 27% |
| May | 116,736 | 139,443 | 19% |
| Total | 850,858 | 988,068 | 16% |



Pass sharing between Metro and Foothill Transit is one of the key features of the Silver 2 Silver program, allowing Metro customers to board the Foothill Transit Silver Streak with a Metro pass and vice versa. Metro is reporting a low but steady crossover of Foothill Transit Pass holders to their Silver Line, starting with around 500 when the program was launched and reaching a little over 1,000 Foothill Transit pass boardings in March.

Conversely, Foothill Transit has experienced a steady and significant increase of Metro customers using the Silver Streak:



Currently Metro Pass ridership accounts for approximately 11 percent of the total ridership for the Foothill Transit Silver Streak.

Title VI Impact and Public Outreach

As required of transit agencies receiving federal funding, a Title VI fare equity analysis was conducted to assess the effects of the proposed fare changes on minority or low-income populations. This analysis included reviewing the mode of payments or payment media, analyzing alternatives, describe minimizing, mitigating or offset methods to adverse effects and to determine which of the proposals would have a disproportionately high and adverse effect on minority and low-income riders.

The analysis concluded that the proposed fare change is a fare reduction that is anticipated to have minimal, if any negative impacts on low-income and minority populations especially considering that the cash fares have been included in the decrease. Foothill Transit is currently performing additional analysis of the impact of the promotional fare changes as part of the program evaluation.

The Governing Board originally approved the Silver 2 Silver fareset as a one-year promotional program. Should the board elect to continue the Silver 2 Silver program beyond the promotional period, additional public outreach and analysis will need to be executed. This includes but is not limited to public meetings, public notices in local publications, and the distribution of both print and online information about the proposed change in multiple languages to facilitate public feedback.

Fiscal Impact

At the inception of the demonstration project it was anticipated that the possible revenue loss resulting from the Silver 2 Silver promotional program could be as high as \$324,800 annually. To date during the Silver 2 Silver promotion, ridership and fare payment profiles on Foothill Transit's Silver Streak have shifted to more customers using discount fare media and Foothill Transit's fare revenue losses are approaching the projected figure. The deep discounts were implemented to match Metro's fares. An example of these discounts is the use a local discount fare as full payment of our Silver Streak service.

In April 2012 the Executive Board approved an amendment to the Pulsar Advertising general marketing Contract for development and implementation of a marketing campaign. The marketing and communications campaign informed riders of the details of the project (dubbed Silver 2 Silver) publicizes the benefits and promotes ridership. This campaign was outside of the scope of work for the Pulsar contract at the time.

In addition to these elements, a media campaign that included direct mail, electronic blasts, interior bus card printing, take-one brochures, and online media buys was planned. The cost for these items was approximately \$25,000. Metro has agreed to reimburse Foothill Transit for half of the total amount spent to fund the Silver 2 Silver marketing plan.

Executive Board Meeting – 06/28/13
Silver 2 Silver Program Update
Page 6

Foothill Transit's operating subsidy from Metro ExpressLanes project is adequate to ensure that Foothill Transit is made whole during the term of the demonstration project.

Discussions with Metro are currently underway that focus on potential future revenue loss should the program evolve from promotional to permanent. An agreement is being discussed with Metro to ensure that Foothill Transit's fare revenues are not negatively impacted by this program, should the Board elect to continue the fare agreement beyond the demonstration period.

Sincerely,



Felicia E. Friesema
Director of Marketing and Communications



Doran J. Barnes
Executive Director